

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Green Lake State Bank, Green Lake, Wisconsin** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **June 17, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

**INSTITUTION-S RATING:** This institution is rated **Outstanding**.

Green Lake State Bank actively promotes economic revitalization and growth, consistent with its size, financial capacity, location, and the assessment area's current economic conditions. The bank's efforts are accomplished primarily through the origination of 1-4 family residential real estate, small business and consumer loans. The bank's loan-to-deposit ratio, which averaged 85.63% since the previous examination, reflects these efforts. Approximately 84% of all loans originated since the previous examination were made within the assessment area, and the distribution of borrowers reflects excellent penetration among individuals of different income levels (including low- or moderate-income) and businesses and farms of different sizes. The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. There is no evidence of prohibited discriminatory lending practices or policies intended to discourage individuals from applying for loans offered by the bank. No complaints were received by the bank regarding its CRA performance, since the previous examination.

The following table indicates the performance level of **Green Lake State Bank, Green Lake, Wisconsin** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	GREEN LAKE STATE BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the previous examination.		

**DESCRIPTION OF INSTITUTION**

Green Lake State Bank, with total assets of \$25,341,000 as of March 31, 1996, is a subsidiary of the Baraboo Bancorporation, Inc., a multi-bank holding company. The bank is the only financial institution located in the City of Green Lake. Through its sole office and a 24-hour automated teller machine (ATM), the bank provides a variety of deposit and loan products/services. The bank's predominant product/service is lending to small businesses.

According to the December 31, 1995 Uniform Bank Performance Report (UBPR), the bank's largest portfolio holding is 1-4 family residential real estate, comprising 41.10% of the bank's loan mix and placing the bank at the 87th percentile compared to its peers. The credit products offered by the bank are consistent with the credit needs in the assessment area. There are no apparent factors relating to the bank's financial condition and size, or local economic conditions that would prevent the bank from meeting community credit needs.

The bank's primary competitors are all located in Ripon, Wisconsin; they are M&I Central State Bank, Citizens Bank, Firstar Bank Fond du Lac, N.A., Citizens First Credit Union, and Ripon Community Credit Union.

**DESCRIPTION OF THE BANK'S ASSESSMENT AREA**

The City of Green Lake, the county seat of Green Lake County, Wisconsin, is located approximately 75 miles northeast of Madison and 90 miles northwest of Milwaukee. The bank's assessment area is comprised of four block numbering areas (BNAs) and includes Brooklyn, Green Lake, Princeton, Marquette, Mackford, Manchester, Kingston, St. Marie, and Seneca Townships. This area is not located in a Metropolitan Statistical Area (MSA).

According to 1990 U.S. census data, the population of the bank's assessment area totaled 12,697, of which approximately 1.2% is minority. Although all of the BNAs are considered middle income, approximately 38% of the households within the assessment area were shown to have incomes considered low- or moderate-income. The assessment area had a median household income of \$26,319, compared to a median household income of \$25,322 for the nonmetropolitan portions of the State of Wisconsin. There are a total of 6,757 housing units in the assessment area, with 3,781 or 56.0% owner-occupied units, 1,901 or 28.1% vacant units and 1,075 or 15.9% rental units. The high number of vacant units is attributed to the seasonal nature of Green Lake's tourist industry.

Community representatives described the assessment area as economically prosperous, due to tourism. Housing construction (both single- and multi-family) is occurring and a recently completed sewer improvement project will facilitate continued new housing construction around the lake. The local economy is based primarily upon seasonal tourism, with

additional economic support from the fabric and farming industries. Major employers located within the assessment area include:

<u>Name of Employer</u>	<u>Product-Service/Number of Employees</u>
Heidel House	Resort hotel and conference center/200
Precision Metalsmiths, Inc.	Ferrous and non-ferrous castings/200
Green Lake County	County government/165
PGI, Inc.	Industrial work and protective clothing/150
Fabriko, Inc.	Textile fabrication/150
Friday Canning Co.	Canned corn/141
Handcraft Co., Inc.	Hosiery/90
Del Monte Corp.	Canned green beans/75
Green Lake Schools	School district/55
Tank Technology Inc.	Water tanks/38
Menasha Corp., Green Lake Plt.	Corrugated containers/38
Stencil Aire-Laser Works	Laser cut products/25
Praire Rivet/ LWS Family Enterprises	Tubular rivets/25

According to the Wisconsin Department of Industry, Labor, and Human Relations, as of April 1996, the unemployment rate for the United States was 5.4%, the State of Wisconsin was 3.6% and the unemployment rate for Green Lake County was 5.4%.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

Management has developed adequate policies, procedures, and training programs supporting nondiscrimination in lending activities. The examination findings revealed that the institution is in compliance with the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No patterns or practices intended to discourage applications for the types of credit offered by the bank were detected during the examination.

### **Loan-to-Deposit Ratio Analysis**

An analysis of the bank's Consolidated Reports of Condition since the previous examination revealed the following:

Quarter Ending	Loan-to-Deposit Ratio
March 31, 1996	91.14%
December 31, 1995	81.82%

Quarter Ending	Loan-to-Deposit Ratio
September 30, 1995	78.26%
June 30, 1995	86.99%
March 31, 1995	92.60%
December 31, 1994	83.02%
Average	85.63%

The average loan-to-deposit ratio for the six-quarter review period is 85.63%. This ratio is considered to exceed expectations for satisfactory performance, given the bank's size, financial condition, and assessment area credit needs. This ratio is higher than the average ratio for the bank's peer group (as of 12/31/95) which was 60.22%. The bank's performance placed it in the 95th percentile compared with its peers.

### Lending in Assessment Area

The bank's lending activity (consumer, commercial, and all loans secured by real estate) since the previous examination was reviewed. This data revealed that 475 or 83.92% of the total 566 loans were either secured by property located within the bank's assessment area, or (regarding consumer loans) were made to residents of the assessment area. In addition, the bank's loans secured by real estate held, outstanding as of December 31, 1995, were reviewed. This review indicated that of the 272 loans secured by real estate, 233 (85.66%) were secured by property located within the bank's assessment area.

Review of the examination loan sample, regarding lending activity within the assessment area, revealed the following:

Loan Type	Total Number of Loans Sampled	Number within Assessment Area	Percent of Total
Consumer (Direct)	10	7	70
Single Payment	10	9	90
Real Estate	10	9	90
Commercial	10	8	80
<b>Total Originations</b>	<b>40</b>	<b>33</b>	<b>82.5</b>

As the preceding chart illustrates, 82.5% of the loans were within the bank's assessment area. The examination loan sample further supports the fact that a substantial majority of the bank's loan activity is within the assessment area. Based upon examination findings, the bank exceeds the standards for satisfactory performance in relation to loan originations within its assessment area.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

Approximately 17% of the families within the assessment area are considered low-income, 19% are considered moderate-income, 27.3% are considered middle-income, and 36.8% are upper-income. According to comments from community contacts and bank management, individuals from a particular income category are not concentrated in any particular area of the assessment area.

Management stated that the bank addresses the credit needs of low- or moderate-income borrowers mainly through offering consumer installment loans. An analysis of the bank's consumer installment lending activity since the previous examination revealed that 117 or 61.26% of the total 191 loans were made to low- or moderate-income borrowers. The data also revealed that \$517,933 or 48.22% of the total dollar volume was to low- or moderate-income borrowers. In addition to consumer installment loans, the bank also offers two programs designed to assist low- or moderate-income individuals to purchase a home; however, no loans have been made through either program.

A review of the bank's June 1993, 1994, and 1995 Consolidated Reports of Condition showed the following trends regarding the number of loans outstanding to small businesses and small farms:

<b>Loans Outstanding to Small Businesses</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
Loans Secured by Nonfarm Nonresidential Property	60	64	58
Commercial and Industrial Loans	156	143	155

As the preceding chart illustrates, lending to small businesses has been relatively stable since 1993.

<b>Agricultural Loans Outstanding to Small Farms</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
Loans Secured by Farmland	3	3	3
Loans to Finance Agricultural Production and other Loans to Farmers	12	13	9

As the preceding chart illustrates, the bank's level of lending to small farms has been relatively

stable since 1993. Management stated that the number of loans to finance agricultural production and other loans to farmers declined from 13 in 1994 to nine in 1995, due to loan consolidations.

The bank utilizes several government loan programs in order to serve the needs of small businesses. Loan programs utilized by the bank included Wisconsin Housing and Economic Development Authority (WHEDA) Tourism Fund, WHEDA CROP Fund, WHEDA Home Improvement, Wisconsin Department of Transportation Disadvantaged Business Enterprises Loan Guarantee (DBE), and the Small Business Administration (SBA). The following chart summarizes the bank's activity in these government sponsored loan programs.

<b>Guaranteed Loan Type</b>	<b># Outstanding</b>	<b>\$ Outstanding</b>	<b># Originated Since Previous Examination</b>	<b>\$ Originated Since Previous Examination</b>
WHEDA Tourism Fund	1	\$59,945	1	\$61,000
WHEDA Crop Fund	2	\$23,252	3	\$60,000
WHEDA Home Improvement	0	\$0	1	\$15,000 (not serviced at bank)
DBE Loans	5	\$29,599	11	\$153,010
SBA Loans	1	\$80,005	0	\$0

Also, the bank has made loans in conjunction with the Petroleum Environmental Clean-up Fund Act (PECFA), a state program designated for the clean-up of petroleum products

leaking from underground storage tanks. Since the previous examination, the bank approved four PECFA lines of credit totaling \$129,500. In addition to the four new loans, the bank has three other PECFA lines of credit totaling \$93,500.

A review of the examination loan sample, all consumer installment loans originated since the previous examination, the bank's consolidated reports of condition, and government-related lending activities indicate that the bank's level of lending to individuals of different income levels, and to businesses and farms of different sizes exceeds expectations for satisfactory performance.

### **Geographic Distribution of Credit Within the Assessment Area**

A review of the loans made within the assessment area indicates that lending activity is adequately dispersed throughout the assessment area, with a larger concentration of lending noted in Green Lake, the location of the bank's sole office. According to community contacts and discussions with management, low- or moderate-income individuals are not concentrated in any particular portion of the assessment area. The geographic distribution of the bank's loans meets the

standards for satisfactory performance.

**Response to Substantiated Complaints**

No complaints were received by the institution regarding its CRA performance since the previous examination.